

## Message Text

LIMITED OFFICIAL USE

PAGE 01 BONN 10942 071629Z

73

ACTION EB-07

INFO OCT-01 EUR-12 EA-06 ISO-00 AID-05 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 H-02 L-03 SEC-01

/067 W

----- 077289

R 071615Z JUL 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 1222

INFO AMEMBASSY BERN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

LIMITED OFFICIAL USE BONN 10942

DEPARTMENT PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: CONGRESSIONAL INTEREST IN RECIPROCITY IN

FOREIGN BANK ESTABLISHMENT

REF: STATE 157474

1. AMERICAN BANKS ARE FREELY LICENSED IN THE FRG. THEY  
ARE SUBJECT TO THE SAME REQUIREMENTS AS GERMAN BANKS AND  
THERE IS SUBSTANTIALLY NO DISCRIMINATION AGAINST THEM  
(SEE BONN A-397 OF AUGUST 5, 1974. PLEASE NOTE THAT THE  
EARLIER REPORT SUBMITTED IN BONN A-146 OF MARCH 18, 1974  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BONN 10942 071629Z

IS SENSITIVE AND CLASSIFIED).

2. RECIPROCITY FOR GERMAN BANKS IN THE UNITED STATES HAS NOT BEEN AN IMPORTANT POSITIVE FACTOR IN PUTTING PRESSURE ON GERMAN AUTHORITIES FOR NON-DISCRIMINATORY TREATMENT OF U.S. BANKS IN THE FRG. TO A LIMITED EXTENT, HOWEVER, IT HAS BEEN A NEGATIVE FACTOR IN THE SENSE THAT THE LACK OF FULL RECIPROCITY IN THE US HAS BEEN USED AS AN ARGUMENT BY THOSE WHO WOULD LIKE TO CURTAIL THE FREE LICENSING OF US BANKS IN THE FRG. THESE CRITICS ARGUE THAT, EVEN ASIDE FROM THE DISCRIMINATION AGAINST FOREIGN BANKS IN MANY AMERICAN STATES, IT IS UNFAIR THAT US BANKS IN GERMANY ARE ALLOWED TO ENGAGE IN BRANCH BANKING THROUGHOUT THE COUNTRY AND IN ALL ASPECTS OF THE SECURITIES BUSINESS WHILE UNDER THE FRB BILL GERMAN BANKS IN THE US WOULD BE RESTRICTED TO ONE STATE AND NOT ALLOWED TO MIX THE COMMERCIAL BANKING AND SECURITIES BUSINESS. THESE CRITICS, WHICH INCLUDE HIGH BUNDES BANK OFFICIALS, ARGUE THAT BETWEEN TWO COUNTRIES HAVING AS DIFFERENT BANKING SYSTEMS AS THE US AND THE FRG, A SYSTEM OF RECIPROCALLY NATIONAL TREATMENT FOR EACH OTHER'S BANKS IS UNFAIR AND THAT THE FRG INSTEAD SHOULD SEEK STRICT RECIPROCITY IN THE SENSE THAT US BANKS SHOULD BE ALLOWED TO DO IN GERMANY ONLY EXACTLY WHAT GERMAN BANKS WILL BE ALLOWED TO DO IN THE US.

3. THE MAJORITY OF GERMAN BANKERS AND OFFICIALS REALIZES, HOWEVER, THAT SUCH A DEMAND IS IMPRACTICAL AND ARE WILLING TO SETTLE FOR THE GRANDFATHER CLAUSE IN THE PRESENT FRB DRAFT. IF THIS GRANDFATHER CLAUSE, HOWEVER, SHOULD BE DROPPED OR SUBSTANTIALLY RESTRICTED IN ANY BILL FINALLY ENACTED, GERMAN BANKS CAN BE EXPECTED TO FORCEFULLY RAISE THE RECIPROCITY ISSUE AND PRESS FOR RESTRICTIONS ON THE OPERATIONS OF US BANKS IN THE FRG.

HILLENBRAND

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGREEMENTS, BANKS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 07 JUL 1975  
**Decapton Date:** 01 JAN 1960  
**Decapton Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975BONN10942  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750234-0206  
**From:** BONN  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750779/aaaacsck.tel  
**Line Count:** 96  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 STATE 157474  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 23 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <23 APR 2003 by ShawDG>; APPROVED <24 APR 2003 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CONGRESSIONAL INTEREST IN RECIPROCITY IN FOREIGN BANK ESTABLISHMENT  
**TAGS:** EFIN, GE  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006